

# King Yuan Electronics Audit Committee Charter

Amended on February 23, 2024

Article 1: For the purpose of a sound corporate governance and stronger managerial functionality, this Audit Committee Charter (hereafter referred to as the "Charter") is established in accordance with Article 14-4 of the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies for Merger/Consolidation and Acquisition.

Article 2: Matters concerning the number, term of office, powers, rules of procedure for meetings, and resources to be provided by the Company when the Audit Committee ("the Committee") exercises its powers shall be handled in accordance with this Charter.

Article 3: The main function of the Committee is to supervise the following matters:

- I. Fair presentation of the company's financial statements.
- II. Evaluation of hiring (dismissal) of an attesting CPA and its independence and performance.
- III. Effective implementation of the internal control system.
- IV. Compliance with relevant regulations and rules by the company.
- V. Management of existing or potential risks of the company.
- VI. Mergers and acquisitions by the company in accordance with the Business Mergers And Acquisitions Act.

Article 4: The Committee shall consist entirely of independent directors, with no less than three members. One member shall be the convener and meeting chair, and at least one member shall have a background in accounting or finance.

The independent director members of the Committee shall serve a 3-year term, and may be re-elected to further terms. When the number of the independent director members on the Committee falls below the requirement due to an independent director's dismissal for any reason, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse or fall short of requirement, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 5: The provisions of the Securities and Exchange Act, the Company Act, and other laws regulating supervisors shall apply mutatis mutandis to the Audit Committee.

The provisions of Article 14-4, paragraph 4 of the Securities and Exchange Act, in regard to the Company Act concerning the roles of supervisors as representatives of the company, apply mutatis mutandis to the independent director members of the Committee.

Article 6: The powers of the Committee are as follows:

- I. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- II. Assessment of the effectiveness of the internal control system.
- III. Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- IV. Matters bearing on the personal interest of a director.
- V. Asset transactions or derivatives trading of a material nature.
- VI. Loans of funds, endorsements, or provision of guarantees of a material nature.
- VII. Offering, issuance, or private placement of equity-type securities.
- VIII. Appointment, dismissal of, or remuneration of certified public accountants.
- IX. Appointment or discharge of a financial, accounting, or internal audit officer.
- X. Annual financial statements signed or sealed by the chairman, managers and accounting officer, and the Q2 financial statements audited by the CPA.
- XI. Review merger and acquisition matters of the Company.
- XII. Other material matters as may be required by the Company or by the competent authority.

The resolutions of the Committee shall be subject to the approval of one half or more of the entire membership of the Committee and shall be submitted to the Board of Directors for a resolution. The convener of the Committee shall represent the Committee to the public.

Persons representing the company for matters in Articles 213, 214, and 223 of the Company Act shall be appointed by the Committee in accordance with the procedures in the preceding paragraph. The Committee may resolve to have its members individually or collectively represent the company. If a representative is not appointed in accordance with the procedures in the preceding paragraph, all members shall collectively represent the company.

Any matter in paragraph 1, with the exception of subparagraph 10, that has not been approved by one half or more of the entire membership of the Committee may be adopted with the approval of two thirds or more of the entire Board of Directors.

"The entire membership," as used herein, shall be counted as the number of members actually in office at the given time.

Article 6-1: The functions of the special committee for merger/consolidation and acquisition pursuant to the "Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies for Merger/Consolidation and Acquisition," shall be

exercised by the Committee in accordance with the provisions of these Regulations and regulations relating to resolutions by the Committee.

Before any resolution of merger/consolidation and acquisition by the Board of Directors, the Committee shall review the fairness and reasonableness of the plan and transaction of the merger/consolidation or acquisition, and then report the review results to the Board of Directors, and to the general meeting, provided that the resolution by the general meeting is required.

When reviewing matters, the Committee shall seek opinions from an independent expert on the justification of the share exchange ratio or distribution of cash or other assets. The appointment of the independent expert shall be subject to the approval of one half or more of the entire membership of the Committee. The “independent expert” as used herein refers to a certified public accountant, lawyer, or securities underwriter, and the independent expert may not be a related party of any counterparty of a merger or acquisition transaction, nor have a relationship of interest that could affect the expert's independence.

Under paragraph 2, the company shall publicly announce and report the results of the Committee’s review results and the board-of-directors’ subsequent resolutions on the website designated by the securities authority within two days of the board’s resolutions, and shall specify the full names and the reasons cited by any directors and committee members who expressed dissenting opinions.

Every person participating in or aware of a plan for merger or acquisition shall issue a written undertaking of confidentiality, and may not externally disclose the content of the plan prior to public disclosure of the information, and may not trade, in their own name or under the name of another, in any stock, or other equity security or derivative thereof, of any company related to the plan for merger or acquisition.

All matters concerning merger/consolidation acquisition not covered in this Charter shall be subject to applicable laws and regulations.

**Article 7:** The Committee shall convene at least once quarterly, and may call a meeting at its discretion whenever necessary.

In convening a meeting of the Committee, a notice setting forth the subjects to be discussed at the meeting shall be given to each independent director member at least 7 days in advance. However, exceptions apply in the case of emergencies.

A meeting of the Committee shall be held at the premises and during the business hours of the company, or at a place and time convenient for all committee members to attend and suitable for holding committee meetings.

One member shall be elected as the convener and meeting chair by and from among the entire membership of the audit committee. However, when the committee members are unable to elect a convener, the independent director who received votes representing the largest portion of voting rights shall act as the convener.

When the convener goes on leave or otherwise for any reason whatsoever is unable to convene a meeting, the meeting shall be convened by another independent director member designated by the convener, or if no such designation is made, by another member elected by and from among the independent director members of the committee.

Independent directors representing one half or more of the entire membership of the Committee may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the convener to convene a meeting of the audit committee. When the convener did not convene an audit committee meeting within 15 days after the request is submitted, independent directors representing one half or more of the entire membership of the Committee may convene the meeting.

The Committee may request an independent expert, relevant department officers of the Company, internal auditors, certified public accountants, legal counsels, or other personnel to attend the meeting as nonvoting participants and provide pertinent and necessary information; provided, they shall leave the meeting when discussion and voting take place.

When the Committee calls a meeting, it shall furnish the members of the Committee present at the meeting with relevant materials for reference as necessary.

Article 8: When an audit committee meeting is held, the company shall have an attendance book ready for signature by the independent director members attending the meeting and thereafter keep it available for future reference.

All independent director members on the Committee shall attend committee meetings in person; a member who cannot attend in person may appoint another independent director member to attend as their proxy, except when matters of merger/consolidation and acquisition in Article 6-1 are concerned. Attendance via tele- or video-conference is deemed as attendance in person.

A member of the Committee that appoints another independent director member as proxy to attend a meeting shall in each instance issue a written proxy stating the scope of authorization with respect to the items on the meeting agenda.

Resolutions at meetings of the Committee shall be adopted with the consent of one half or more of the entire membership. The outcome of the vote shall be announced on site and recorded in writing. When the Committee reviews motions concerning the company's merger/consolidation and acquisition, it shall report to the Board of Directors the review

results and members' agreement or objection and reasons for objection.

In the event that it is impossible to convene a committee meeting due to justifiable reasons, the proposal shall be executed with the consent of two thirds or more of the entire Board of Directors. However, the independent directors shall still give their consent to matters concerning Paragraph 1, Subparagraph 10 of Article 6.

A proxy under paragraph 2 may accept a proxy from one person only.

When the Committee reviews motions concerning the company's merger/consolidation and acquisition, the committee members shall be present in person and may not attend by proxy. The members present shall clearly express their opinions of agreement or objection and shall not abstain from voting.

Article 8-1: If one-half of all the members are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair may reconvene the meeting in accordance with the procedures in Article 7, paragraph 2.

Article 8-2: The Committee meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, changes may be made with the approval of at least one half of the entire membership of the Committee.

The chair may not declare the meeting closed without the approval of at least one half of the entire membership of the Committee.

If at any time during the proceeding of the committee meeting, the members in attendance are not more than one half of the entire membership of the Committee, then upon motion by the independent directors sitting at the meeting, the chair shall declare a suspension of the meeting, in which case the preceding provisions shall apply *mutatis mutandis*.

If at any time during the proceeding of the committee meeting, the convener is unable to preside over the meeting for some reason or the chair fails to declare the meeting adjourned in accordance with paragraph 2, the provisions Article 7, paragraph 5 shall apply *mutatis mutandis* to the appointment of a proxy.

Article 9: Discussions at a meeting of the Committee shall be included in the meeting minutes, which shall faithfully record the following:

- I. Session, time, and place of meeting.
- II. Name of the meeting chair.
- III. Independent directors' attendance, including the number and names of attendants, absentees, and those who are on leave of absence.
- IV. Names and titles of those attending the meeting as nonvoting participants.

- V. Name of minutes taker.
- VI. Reporting Items.
- VII. Discussion Items: For each proposal, the method of resolution and the result; a summary of the comments of the independent director members of the Committee and experts and other persons present at the meeting; name of the independent director who is an interested party as referred to in paragraph 1 of Article 11, explanation of the material aspects of the interest the director has, the reason why the director should or should not recuse himself or herself and whether or not the director has recused; and any objections or reservations expressed, and agreement or objection and reasons for objection with respect to motions concerning merger/consolidation and acquisition.
- VIII. Extraordinary Motions: The name of the mover; the method of resolution and the result for each motion; a summary of the comments of the independent director members of the Committee and experts and other persons present at the meeting; name of the independent director who is an interested party as referred to in paragraph 1 of Article 11, explanation of the material aspects of the interest the director has, the reason why the director should or should not recuse himself or herself and whether or not the director has recused; and any objections or reservations expressed.
- IX. Other items to be stated.

The attendance book forms a part of the minutes of each audit committee meeting and shall be well preserved for the duration of the existence of the company.

The minutes of an audit committee meeting shall bear the signature or seal of both the meeting chair and the minutes taker, and a copy shall be distributed to each independent director member on the committee within 20 days after the meeting and be carefully preserved as important company records during the existence of the company.

The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.

Article 9-1: The company shall record on audio or video tape the entire proceedings of an audit committee meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of an audit committee meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where an audit committee meeting is held by video conference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be well preserved for the duration of the existence of the company.

Article 10: The Committee's meeting agenda shall be drafted by the convener in coordination with staff members who attend to meetings of the company. Other members on the Committee may also propose agendas for the Committee's discussion during the meeting. Staff members who attend to meetings of the company shall also assist the convener in sending meeting notices and taking meeting minutes.

Article 11: If an independent director member of the Committee has a personal interest in any agenda item, the director member shall explain the essential content of the interest. If the director's personal interest is likely to prejudice the interest of the company, the director member may not participate in discussion and voting, and shall recuse himself or herself from the discussion and voting, and also may not exercise voting rights as a proxy for any other independent director member.

When the Committee reviews motions concerning the company's merger/consolidation and acquisition, if an independent director member on the Committee is a concerned party to the transaction of the merger/consolidation and acquisition or have a relationship of interest that could affect his or her independence, the committee member shall recuse himself or herself and shall not participate in the review of matters related to merger/consolidation and acquisition.

Where the spouse or a blood relative within the second degree of kinship of an independent director is an interested party with respect to an agenda item as described in the two preceding paragraphs, such director shall be deemed to be an interested party with respect to that agenda item.

Where a matter is unable to be resolved at a committee meeting for the reason stated in paragraphs 1 and 2, the fact shall be reported to the board of directors and the matter shall be resolved by the board instead.

Article 12: The Committee may, on behalf and at the cost of the company, engage an attorney, certified public accountant, or other professional to conduct a necessary audit or provide advice with respect to any matter related to the exercise of the Committee's powers.

Article 13: The Committee members shall exercise the due care of a good administrator and faithfully perform the duties prescribed in this Charter; they shall be accountable to the Board of Directors and shall submit their proposals to the Board of Directors for resolution.

Article 14: The Committee shall review its organizational charter on a regular basis and recommend any revisions necessary to the Board of Directors.

The execution of tasks relating to resolutions adopted by the Committee may be delegated to the convener or other committee members for follow-up, with a written or verbal report to be presented to the Committee during the implementation period. The matter shall be submitted in the next committee meeting for approval or reporting if necessary.

Article 15: The Charter shall take effect after the resolution and approval of the Board of Directors. The same applies to all subsequent amendments.